

172

TRANSMITTAL SLIP		DATE
		24 Sept
TO: C/WH/TF		
ROOM NO.	BUILDING	
REMARKS:		
<p>FILE WITH C/WH/TF Your copy. [REDACTED]</p> <p>[REDACTED]</p>		
FROM:		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 55

REPLACES FORM 36-4
WHICH MAY BE USED.

(47)

~~SECRET~~

29 September 1970

MEMORANDUM FOR: Brig. General Alexander M. Haig, Jr.

SUBJECT: Messages from Ambassador Korry for
Dr. Kissinger

1. Herewith are the most recent messages from Ambassador Korry in Santiago sent to Dr. Kissinger through our channels. Of the three cables, [REDACTED] has been forwarded to Under Secretary U. Alexis Johnson. The two remaining are for Dr. Kissinger alone.

2. We have already received a query from Ambassador Korry asking if these messages have been delivered. Undoubtedly, he will be back at us soon.

3. I urgently request that you consider sending these messages to Dr. Kissinger in Europe. Certainly Dr. Kissinger should see Paragraph 2 of [REDACTED] which concerns the [REDACTED] role in the Chilean economic scene before The President and Dr. Kissinger have their [REDACTED] talks.

15/
Thomas H. Karamessines

Attachments:

Three Messages: [REDACTED]

DDP/WH/TF/DPhillips/mg

Orig - Addressee w/att

1 - DDP

1 - C/WH

1 - C/WH/TF

~~SECRET~~

SECRET

File

Discussed

with

29 Sept. 1970

29 September 1970

MEMORANDUM FOR: Chief, Western Hemisphere Division

1. Attached is a telegraphic summary of a radio and TV address by Minister of Finance Andres Zaldivar of 23 September. It was sent by Korry in unclassified form so that it could be given the widest possible distribution.

2.

It should also be noted that the Chilean affiliate of the [redacted] placed [redacted] ads in Santiago's leading newspaper on [redacted] through [redacted] expressing full confidence in Chile's economic future. The advertisement also stated that production is continuing in a normal manner and new investments are being carried out. This amounted to an endorsement of Allende.

DC/WH/TF

F. 14
SUGGESTIONS THAT REQUIRE ACTION. MADE BY AMBASSADOR KORRY
ON 24 SEPTEMBER. IN TURN, THESE SUGGESTIONS WERE MADE TO
KORRY BY [REDACTED]

A) GET U.S. BANKS TO CEASE RENEWING CREDITS TO CHILE OR
CHILEAN ORGANIZATIONS AND NO NEW CREDITS.

B) GET U.S. COMPANIES HERE TO FOOT-DRAG TO MAXIMUM
POSSIBLE. THEY COULD WITHOUT TAKING PROVOCATIVE ACTION
HOLD OFF ON ORDERS, ON DELIVERIES OF SPARE PARTS, ON
EXTENDING CREDITS AND SO ON.

C) PASS THE WORD THAT AT LEAST SOME OF THE BUILDING
AND LOAN ASSOCIATIONS ARE NEAR BANKRUPTCY AND [REDACTED]
IS NOT DOING MUCH TO SAVE THEM. WITH A LITTLE PUSH ONE OF
THE BIGGEST (CALICANTO) AND ONE OF THE SMALLEST (SASA
CHILENA) WOULD SHUT THEIR DOORS AND START A REAL RUN.

D) DO THE BEST POSSIBLE TO GET A FEW BUSINESSES TO
CLOSE THEIR DOORS IN THE NEXT THREE WEEKS.

E) SPREAD THE WORD THAT RATIONING IS PROBABLE [REDACTED]
QUOTED PUBLIC DECLARATION OF COMMUNIST CONTROLLED CONFEDER-
ATION TO TRADE UNIONS (CUT) STATING THAT WORKERS WOULD EAT
UNDER ALLENDE BECAUSE THEY WOULD GET "BONOS" (STAMPS). RUN
ON FOOD STOCKS WOULD BE USEFUL AND WOULD INCREASE DEMAND FOR
BANK NOTES WITH CENTRAL BANK ALREADY IN VERY SHORT SUPPLY OF
NOTES. HE WARNED AGAINST ANY EMPHASIS ON INFLATION SINCE
THAT WOULD PROVOKE RUN ON DURABLE GOODS. [REDACTED]

F) [REDACTED] SAID THERE WOULD BE CONSIDERABLE UNEMPLOYMENT IN SANTIAGO BY MID-OCTOBER SINCE [REDACTED] SALDIVAR (MINISTER OF FINANCE) MAKING CERTAIN THAT PRIVATE CONSTRUCTION SLUMP ONLY PARTIALLY STOPPED BY PUBLIC WORKS (PERHAPS TEN OF 55,000 EXPECTED UNEMPLOYED IN PRIVATE SECTOR).

G) [REDACTED] NOTED THAT ALESSANDRI'S OWN PAPER COMPANY HAD SUBMITTED ON 23 SEPTEMBER REQUEST FOR GOVT APPROVAL OF \$9,000,000 (M) EXPANSION [REDACTED] APPROVE AFTER SOME DELAYING TACTICS. HE NOTED [REDACTED] BANK INTENDS TO GRANT \$2,500,000 OF THIS AS LOAN.

IN A SUBSEQUENT MESSAGE TO THE SAME ADDRESSEES, DATED 25 SEPTEMBER AMBASSADOR KORRY COMMENTED THAT:

A) HE BELIEVES ANACONDA SHOULD TAKE A HARD POSITION IN ONGOING LABOR NEGOTIATIONS THUS FORCING ITS EMPLOYEES TO MAKE A STRIKE DECISION ON THE DEADLINE OF 30 SEPTEMBER.

ACCORDING TO MESSAGES FROM SANTIAGO THE ANNUAL CONTRACT NEGOTIATION BETWEEN THE COPPER WORKERS AND MANAGEMENT IN CHUIQUICAMATE (49% ANACONDA AND LA EXOTICA (75% ANACONDA) ARE PROCEEDING WITH THE WORKERS ASKING FOR A 75% WAGE INCREASE WHILE ANACONDA, ASSISTED BY THE MINISTER OF LABOR (A CHRISTIAN DEMOCRAT CLOSE TO FREI) ARE OFFERING A 35% INCREASE. HOWEVER, KORRY HAS JUST ADVISED US THAT ANACONDA MANAGEMENT IN THE U.S. HAS TAKEN A POSITION THAT IT SHOULD CAVE IN AND IS NOW OFFERING A WAGE INCREASE OF BETWEEN 49

[REDACTED]

AND 55% ANACONDA FEARS THAT THE GOVERNMENT REPRESENTATIVE ON THE CONCILIATION BOARD WILL SWITCH SIDES AND SUPPORT THE WORKERS POSITION THUS LEAVING MANAGEMENT ISOLATED AND EXPOSED TO CHARGES OF SABOTAGING AN AGREEMENT AT A MOMENT WHEN THE POLITICAL SITUATION IS CRITICAL FOR ANACONDA. IT WOULD BE MOST USEFUL IF ANACONDA WOULD HOLD FIRM TO ITS ORIGINAL POSITION AND FORCE A STRIKE THUS CREATING UNEMPLOYMENT AND UNREST. ALLENDE HAS ANNOUNCED THAT HE WOULD IMMEDIATELY NATIONALIZE THE COPPER MINES IN ANY EVENT.

B) [REDACTED] IS BEING VERY COOPERATIVE AND IT IS DEMANDING PROMPT PAYMENT FROM [REDACTED] WHICH HAS A LARGE OUTSTANDING BILL. THIS MAY FORCE [REDACTED] TO CLOSE ITS PLANT SINCE THE BULK OF ITS RAW MATERIAL COMES FROM [REDACTED]

C) [REDACTED] WAS [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] AFTER KORRY'S TALK [REDACTED] HE LATTER SAID THAT HE WOULD RECONSIDER HIS POSITION ON THESE TWO ITEMS. TO RECONSIDER IS NOT GOOD ENOUGH

SUGGESTIONS MADE BY AMBASSADOR KORRY ON 25 SEPTEMBER 1970.

A) SPREAD THE WORD OF UNLIKELIHOOD THAT TECHNICAL AND MANAGERIAL TALENT WILL BE ALLOWED TO LEAVE CHILE AFTER 4 NOVEMBER 1970. WITHOUT BRAINS AND KNOW-HOW THERE WOULD BE NO PRODUCTION NOR MANAGEMENT. WITHOUT TECHNICIANS AND [REDACTED]

MANAGEMENT THE PUBLIC AND PRIVATE SECTORS OF THE ECONOMY
WOULD BE HARD PUT.

B) OBTAIN GREATEST EXPOSURE FOR ZALDIVAR ECONOMIC
MESSAGE. (WALL STREET JOURNAL, BUSINESS WEEK, FORTUNE,
JOURNAL OF COMMERCE, BANKING NEWS LETTER, ETC.) SPEECH
DELIVERED 23 SEPTEMBER 1970.

C) PERSUADE FORD MOTOR COMPANY THAT THEY HAVE PERFECT
JUSTIFICATION FOR CLOSING THEIR CHILEAN OPERATIONS -- WHY
WAIT? DO IT NOW. GENERAL MOTORS SHOULD NOT HANG ON TO GET
TASTE OF NEW POISON.

D) BANK OF AMERICA IS ALMOST BANKRUPT AND INTENDS TO
CLOSE, HOWEVER, THEY CONTINUE TO OPEN THEIR DOORS TO CREATE
IMPRESSION OF BUSINESS AS USUAL. SINCE DECISION TO CLOSE
HAS BEEN MADE WHY NOT CLOSE NOW? BELIEVE THIS WOULD PROVIDE
SHARP BLOW TO CHILEAN BANKING CIRCLES AND DRY UP ONE SOURCE
OF CREDIT.

FYI: THERE FOLLOWS A LIST OF AMERICAN COMPANIES DOING
SUBSTANTIAL BUSINESS IN CHILE.

BETHLEHEM STEEL

CERRO

CONTINENTAL COPPER AND STEEL

DOW CHEMICAL

INTERNATIONAL CHEMICAL AND FIBERS

W. R. GRACE

CROWN ZELLERBACH


RALSTON PURINA

FIRESTONE TIRE AND RUBBER

DRESSER INDUSTRIES

PARSONS AND WHITTEMORE

XEROX



thank you

you are welcome

Do we need
them? 16288

16288